

**GAO**

United States General Accounting Office

Report to the Chairman, Subcommittee  
on Oversight of Government  
Management, Committee on  
Governmental Affairs, U.S. Senate

February 1994

**DEPARTMENT OF  
LABOR**

**Noncompetitive,  
Discretionary Grants**



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Health, Education, and  
Human Services Division

B-249853

February 22, 1994

The Honorable Carl Levin  
Chairman, Subcommittee on Oversight  
of Government Management  
Committee on Governmental Affairs  
United States Senate

Dear Mr. Chairman:

In response to your request, we reviewed Department of Labor policies and practices for processing and approving noncompetitive, discretionary grants to entities other than state and local governments. Our review of Labor's grant award processes supplements information obtained by your staff on procedures for awarding and administering discretionary grants in several federal departments.

Labor defines "noncompetitive, discretionary grants" as those not awarded competitively and not directed by legislation or by regulations for distribution to recipients according to a specific formula. Labor does not consider grants awarded to organizations that receive funds under the Older Americans Act to be discretionary grants.<sup>1</sup> For this reason, we agreed with your staff to review those grants in a separate assignment.

In meetings with Committee staff, we agreed to

- identify the noncompetitive, discretionary grants of \$25,000 or more awarded by Labor to entities other than state and local governments during fiscal years 1990-92,
- determine how Labor awards and justifies grants,
- describe the manner in which Labor oversees grantee performance and identify the systems Labor uses to track those grants, and
- determine the extent of grant awards made to former employees and identify the application review mechanisms used by Labor's agencies to detect potential conflicts of interest involving former employees.

## Results in Brief

For fiscal years 1990 through 1992, Department of Labor agencies reported awarding 134 noncompetitive, discretionary grants of \$25,000 or more to organizations other than states or local governments. These grants totaled

<sup>1</sup>Labor officials cite language contained in a Conference Report (House Report 102-282) for P.L. 102-170 as authority for the Department to continue grant support to its existing Older American Act grantees. They view this language as a legislative requirement.

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\$71 million but accounted for only a small portion of Labor's total grant awards. Three agencies—the Employment and Training Administration (ETA), the Occupational Safety and Health Administration (OSHA), and the Office of the Assistant Secretary for Administration and Management (OASAM)—awarded the 134 grants identified, with ETA and OASAM responsible for almost all of the grants. ETA awarded more than 60 percent of the grants and more than 85 percent of the grant dollars each year. Many of ETA's grants have been awarded to the same organizations year after year, some for 25 years or more.

Within Labor, most of the processes for making and overseeing grant awards are decentralized. Five Labor agencies have authority to award discretionary grants; each functions independently in awarding grants to implement particular programs. Neither Labor nor the five individual agencies regularly collect data on noncompetitive, discretionary grants as a category, but each agency has its own mechanisms for collecting and maintaining information on grants.

Labor has a Procurement Review Board (PRB) that centrally reviews all proposed grant awards of \$25,000 or more that are not fully and openly competed. Although PRB has found that Labor's agencies comply with Labor's grant award policies and procedures, it believes the agencies should use competition to a greater extent.

After grants are awarded, the extent and effectiveness of grant monitoring vary considerably among Labor's agencies. Each agency delegates the responsibility for oversight of grantee performance to a program office that has a mission related to the purpose of the grant. Project officers in these offices are responsible for monitoring the grants. In ETA, the agency awarding the most grants, some project officers responsible for overseeing grants get little training, receive limited travel funds for oversight visits, and spend little time in grant monitoring activities.

Labor has taken actions to prevent possible conflicts of interest in grant awards. For example, it requires program officials and agency heads who propose sole-source procurements to submit certifications concerning their relationships with potential sole-source grantees to avoid potential conflicts of interest. However, Labor has no formal procedure for identifying any former high-ranking Department officials who may be employed by grant applicants. Labor officials did not identify any grant applicants or grantees during 1990-92 that employed former Labor officials in a potential conflict-of-interest situation.

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## Background

The Department of Labor awards more than \$7 billion in grants each year, mostly through formula grants to states for job training services. These grants are subject to the criteria enunciated in the Federal Grant and Cooperative Act of 1977, 31 U.S.C. 6301-6308, which specifically encourages competition in making those grants. However, Labor believes that a small portion of its grant funds must be awarded noncompetitively to private and public organizations for various activities.

Labor's grant processes are mostly decentralized; that is, individual agencies award and administer grants. Labor's policies and procedures explain and discuss discretionary grants. Labor's agencies use discretionary grants to fund activities such as research and analysis, pilot and demonstration projects, technical assistance, and training. Most of the noncompetitive, discretionary grants fund organizations that have long-term relationships with Labor in support of particular programs. Labor believes that the Federal Acquisition Regulation (FAR 6.302) and the Federal Grant and Cooperative Agreement Act of 1977 permit "other than full and open competition" in these circumstances. For many of its long-term grant activities, Labor indicates that it is necessary to fund a recipient that has an established relationship with an agency in order to maintain an existing facility or capability to furnish services or benefits of particular significance to the agency on a long-term basis.

Labor's agencies plan and justify their grant activities at the beginning of each fiscal year by preparing Advance Annual Procurement Plans. Labor reviews the individual agency plans and gives final approval. For noncompetitive grant awards, procedures require that agency managers prepare individual justifications and submit requests for noncompetitive actions to PRB. PRB then recommends approval or disapproval of the proposal to the Assistant Secretary for Administration and Management. Within Labor, five agencies have authority to award discretionary grants. They are ETA, OSHA, OASAM,<sup>2</sup> Mine Safety and Health Administration (MSHA), and Bureau of Labor Statistics (BLS).

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## Scope and Methodology

To identify the universe of noncompetitive, discretionary grant awards for fiscal years 1990-92, we contacted officials from Labor's Office of the Inspector General (OIG) and Labor's grant award agencies in Washington, D.C. Labor's OIG, which audits grants and contracts, could not provide us with a comprehensive list or summary data on noncompetitive,

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<sup>2</sup>OASAM serves as the grant management agency for several small Labor agencies: the Women's Bureau, International Labor Affairs Bureau, Veterans' Employment Service, and the Assistant Secretary for Policy.

discretionary awards, and OIG officials were unaware of any centralized source for such information. Because no departmentwide system for identifying discretionary grants existed, we interviewed officials from each of Labor's five grant agencies to determine if awards that met our criteria had been made. Officials from the three agencies that awarded noncompetitive, discretionary grants either provided us with lists of grant awards or gave us direct access to their records.

To assess Labor's grant award and justification processes, we reviewed Labor's policies and procedures on grant awards and discussed the implementation of these directives with grant officers in ETA and OASAM, since these agencies awarded almost all of the discretionary grants identified. We interviewed officials from Labor's PRB to discuss its grant review policies and practices and examined PRB's fiscal year 1990-92 logs of agency requests for review of noncompetitive grants of \$25,000 or more. We met with grant officers, OIG, and PRB officials to identify Labor's efforts during the grant application process to identify applicant organizations employing former Labor officials, where a conflict of interest was a possibility. In addition, we reviewed a judgmental sample of grant files for about 20 grants to examine documents related to the grant process and justification.

To determine how Labor's review mechanisms were implemented and the extent to which grant oversight activities occurred, we selected a judgmental sample of 10 noncompetitive, discretionary grants awarded for 1990-92 and interviewed selected Labor project managers, primarily in ETA, to determine the extent to which they monitor grantee performance. We also met with officials in ETA and OASAM offices responsible for grant close-out and reconciliation of funds.

We conducted our review between August 1992 and August 1993 in accordance with generally accepted government auditing standards.

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## Labor Has Identified Noncompetitive, Discretionary Grants of About \$25 Million Annually

Labor awards more than \$7 billion in grants annually, of which its agencies identified about \$25 million each year as noncompetitive, discretionary grants over \$25,000. Three Labor agencies—ETA, OASAM, and OSHA—reported awarding 134 such noncompetitive, discretionary grants for 1990 through 1992.<sup>3</sup> MSHA and BLS did not make any such awards. As shown in table 1, ETA and OASAM were responsible for almost all of the reported noncompetitive, discretionary grant actions from 1990 through

<sup>3</sup>ETA awards grants according to program year (July 1 to June 30). ETA documents lacked sufficient information for officials to provide grant award data by fiscal year.

1992. Most of OSHA's grants were awarded through state government entities. OSHA also awarded two grants to a university each year.

ETA has awarded most of these noncompetitive, discretionary grants in terms of both numbers and dollars. As shown, it awarded from 26 to 32 grants totaling from \$18.9 million to \$22.1 million each year. OASAM reported awarding 12 to 16 grants each fiscal year, totaling from \$2.1 million to \$3.2 million. (See apps. I and II for information on individual ETA and OASAM grant awards.)

**Table 1: Noncompetitive, Discretionary Grants of \$25,000 or More Awarded During 1990-1992**

Dollars in thousands

Agency	1990		1991		1992		3-year total
	No.	Amount	No.	Amount	No.	Amount	
ETA	32	\$22,125	29	\$21,274	26	\$18,860	<b>\$62,259</b>
OASAM	13	3,143	16	3,191	12	2,061	<b>8,395</b>
OSHA	2	123	2	131	2	123	<b>377</b>
<b>Total</b>	<b>47</b>	<b>\$25,391</b>	<b>47</b>	<b>\$24,596</b>	<b>40</b>	<b>\$21,044</b>	<b>\$71,031</b>

### Most ETA Grants Are Awarded to the Same Organizations Year After Year

ETA awarded most of its reported noncompetitive, discretionary grants to the same organizations for 15 or more years. These organizations have established long-standing relationships with ETA programs, and Labor relies on them as links to local service providers. Appendix III lists 24 organizations that have received discretionary grants from Labor for 15 or more consecutive years. For program year 1992, these grantees received over \$21 million in grant funds.<sup>4</sup>

ETA officials have justified continued funding of these organizations to (1) ensure the availability of particular services or (2) maintain the capability to furnish benefits of particular significance to the Department of Labor. Two examples of such organizations are the Human Resources Development Institute (HRDI), which has received a \$2.3 million grant, and the National Alliance of Business (NAB), which has received a \$6.1 million grant for each of the past several years. The grant to HRDI provides Labor with research on federal job training programs and the perspective of the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) on issues important to organized labor. The NAB grant provides Labor with business' perspective on proposed legislative or regulatory

<sup>4</sup>The list includes eight organizations that had received noncompetitive grants since 1978 to train the disabled. In 1992, these grants were awarded competitively, and these organizations continued receiving similar funding amounts.

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changes to ETA programs and links to local private industry councils, which have important roles in ETA's programs.

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## Agencies' Grant Awards Are Consistent With Labor's Policies and Procedures

The Department of Labor's agencies comply with Labor's policies and procedures for awarding noncompetitive, discretionary grants. Labor's administrative policies and procedures provide guidance for individual agencies to follow in awarding grants and establish the procurement mechanisms and processes associated with grant awards throughout Labor. One such mechanism is the departmentwide PRB. It independently reviews proposed grant or contract awards of \$25,000 or more that are not to be awarded through full and open competition and advises whether competition is appropriate for each proposed action. Members of PRB include Labor's Procurement Executive<sup>5</sup> (or designee); a designee of the Chief Financial Officer; a designee of the Solicitor; a designee of the Assistant Secretary for Policy; and the Director of the Division of Procurement and Grant Policy, who also serves as competition advocate for Labor.

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## PRB Encourages Competition in Grant Actions, but Impediments to Competition Exist

Although PRB approved almost all the noncompetitive, discretionary grant requests it reviewed in fiscal years 1991 and 1992, it has encouraged Labor's agencies to award more grants competitively. During fiscal year 1991, PRB approved 37 of 39 grant recommendations submitted by Labor agencies. Of the two proposals not approved, one was subsequently approved and the other was later included as an extension of a prior grant. In fiscal year 1992, PRB approved 49 of 53 agency grant requests submitted. Of the four requests not approved, two were resubmitted and approved, one was disapproved for having improper signatures, and the other was resubmitted as a request for contract.

PRB has stated that continual, long-term, sole-source relationships with the same organizations are inconsistent with Labor's competition policy. In keeping with that position, PRB approved some of ETA's long-standing grants contingent upon the agency awarding these grants competitively in future program years. For example, in 1991 PRB approved final 1-year modifications to existing sole-source grants for ETA's programs to aid the disabled. ETA appealed and asked that the sole-source grants be continued, but PRB insisted that "after ten years a competition would appear to be overdue." In 1992, ETA solicited proposals on a competitive basis for

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<sup>5</sup>Labor's Procurement Executive is the Senior Executive Service staff person with responsibility for oversight of procurement actions at the Department level.

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training and employment programs for the disabled. ETA received and reviewed 23 proposals (8 from the existing grantees and 15 from new organizations) under the competitive announcement. As a result of the competition, the existing eight grantees and one new grantee were selected to receive grants through the program. Total grant funding was raised from \$4 million to \$4.2 million.

Although PRB encourages Labor's agency officials to seek competition, competition is not required. PRB's recommendations are advisory, and the Assistant Secretary for Administration and Management must approve them. In addition, Labor's procedures provide that the Secretary of Labor may determine that a noncompetitive award is in the public interest.

Other circumstances affect competition. Officials stated that, for certain grants, for example, the one for the Displaced Homemaker Network, they believed that they were obliged by their interpretation of some legislative history to continue to award grants to the same organizations that had been funded in prior years.

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## Labor Has No Central System to Identify and Track Grant Awards

Labor has no central departmentwide management information system to identify and track grants awarded by its five agencies with grant authority. In addition, Labor's individual agencies do not routinely develop management information reports that identify noncompetitive, discretionary grants. As a result, after we met with officials from the five agencies that award grants and discussed our definition of a noncompetitive, discretionary grant, agency staff attempted to identify grant awards meeting our criteria from their records.

Each agency has its own mechanisms for collecting and maintaining information on grants. In addition, the Department participates in the Federal Assistance Award Data System (FAADS). This system, required by 31 U.S.C. 6102a, maintains selected, governmentwide computer-based data on federal financial assistance award transactions and provides quarterly reports of federal assistance actions, including grants. The collection and processing systems that Labor uses to gather agency data for FAADS contain components that could be used as a basis for a departmentwide system to identify and track grant awards.

In ETA, issues relating to information management for grant activities were addressed in two Labor OIG reports.<sup>6</sup> In response to the OIG reports, ETA proposed to develop the Program Planning Grants and Contract Control System to improve grant management and oversight. Although we did not find evidence of this system, we found that ETA does maintain financial information on grants in a computerized system called the Grants and Contracts Management Information System (GCMIS). However, the system lacks sufficient descriptive information on grants to be an effective management information system. ETA officials responsible for developing and operating GCMIS confirmed that it is primarily used as an accounting system to reconcile financial information. An ETA official responsible for developing and maintaining GCMIS said that Labor has no current plans to expand GCMIS to enhance its use as a grant management tool.

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## Grants Management and Grant Program Oversight Are Independent of Each Other

In ETA and OASAM, procurement and program offices have separate and distinct functions in relation to grants. Procurement offices are responsible for processing grant awards, releasing funds to grantees, and closing out grants. Program offices that have missions related to the purpose of the grants are responsible for oversight of grantee performance. The procurement and program offices work together in planning and awarding grants. Program offices alone are responsible for ensuring that grantees are effective and efficient in accomplishing the purposes of the grant.

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## Grant Oversight Is Not Consistent

Labor's administrative guidance does not directly address grant oversight. As a result, its agencies have no specific direction on performing these activities, and each agency oversees discretionary grants in its own way. Even in the same agency, oversight of grant activities varies considerably among program offices. In some ETA program offices, for example, project officers responsible for overseeing grants have limited travel funds for on-site evaluations and spend little time in grant monitoring activities. In other program offices, grant oversight responsibilities are more structured and receive greater priority, attention, and resources.

The impact of project officers on the grant approval process also varies widely among program offices. For some programs, project officers have little or no voice in the renewal of their grants, some of which are the

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<sup>6</sup>Effectiveness of Procured Goods and Services in the Employment and Training Administration, U.S. Department of Labor, OIG, 17-90-014-03-380 (Washington, D.C.: July 1990) and Department of Labor, Employment and Training Administration: Effectiveness of Discretionary Awards, U.S. Department of Labor, OIG, 17-92-003-03-001 (Washington, D.C.: Dec. 1991).

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long-term, continuing grants covering several years. In other programs, project officers communicate directly with top management on the status of grantee activities, and the officers' views are solicited in deciding whether to award future funding to grantees.

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### Staff Training on Grant Oversight Varies

Staff training for grant oversight efforts is handled differently by the grant agencies and their related program offices. For example, OASAM awards and manages grant funds for several agencies, but it is not responsible for training staff in these agency program offices to oversee the grant and grantee performance. The agencies handle those responsibilities as they see fit. For example, the Women's Bureau trained its staff through grant and contract administration training offered by the Office of Personnel Management, while the Veterans' Employment and Training Service developed a special internal training program on grant oversight for its program officers.

In ETA, training of staff for grant oversight varied widely among its program offices. For example, in one program office, staff responsible for grant oversight received 1-day overview training provided by Labor, while other ETA program offices sent staff to more extensive training courses outside of Labor. In response to the OIG reports, ETA agreed to develop and provide grant monitoring training. While we note that some formal training for ETA grant officers has been developed and was provided at one time, such training is not uniformly required of all ETA staff with program oversight and grant management responsibilities.

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### Labor Screens Officials for Conflict of Interest

Labor's policies include guidance addressing possible conflicts of interest resulting from sole-source acquisitions. These policies require that program officials and agency heads responsible for requests for advisory services or noncompetitive actions explain to PRB past or existing relationships with proposed grantees. For each grant application, responsible Labor officials explain their past or existing relationships with the applicant organization or certify that no relationship exists.

We asked Labor whether it makes a similar effort to identify former high-ranking Labor officials who may be employed by grant applicant organizations, although it is not required by law to do so. It does not; nor does Labor maintain a reference list of former high-ranking officials for its employees to check for possible conflicts of interest. In response to our

request, Labor developed such a list by manually reviewing its telephone directories for recent years.

During our review of specific grant files, we attempted to identify the individuals employed by the organizations receiving grants to determine whether any were former Labor employees. This identification was not possible in most of the grants that we reviewed because Labor does not require that the names of all principal persons funded by the grant be specified in the application. However, both PRB and OIG officials told us that they did not identify any grant applicants during 1990-92 that employed former Labor officials.

## Agency Comments

We provided copies of our draft report to Department of Labor officials for comment. Labor generally concurred with the facts and information contained in the report. With regard to multiyear noncompetitive awards, Labor's comments indicated that while ETA has funded certain groups of organizations on a noncompetitive basis, it is committed to fostering competition to the maximum extent. In addition, Labor indicated that through PRB it has reevaluated all long-term noncompetitive commitments and established a more competitive atmosphere for these activities.

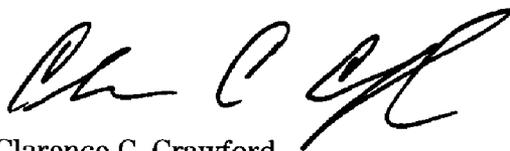
Labor's comments also included references to the portion of the report that discussed grants under the Older Americans Act. Page 1 of this report states that Labor does not consider grants awarded under the Older Americans Act to be discretionary grants, and therefore we did not include them in our review. Modifications to the dollar amounts for the two OSHA grants awarded to other than state and local governments have been incorporated in table I. The Department of Labor's written comments are included as appendix IV.

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A copy of this report is being sent to the Secretary of Labor. Copies will be made available to others upon request.

Please call me on (202) 512-7017 if you or your staff have any questions concerning this report. Other major contributors to this report are listed in appendix V.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Clarence C. Crawford', written in a cursive style.

Clarence C. Crawford  
Associate Director, Education  
and Employment Issues

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Appendix V  
Major Contributors to  
This Report

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Table

Table 1: Noncompetitive, Discretionary Grants of \$25,000 or More  
Awarded During 1990-1992

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**Abbreviations**

AFL-CIO	American Federation of Labor-Congress of Industrial Organizations
BLS	Bureau of Labor Statistics
ETA	Employment and Training Administration
FAADS	Federal Assistance Awards Data System
FAR	Federal Acquisition Regulation
GCMIS	Grant and Contract Management Information System
HRDI	Human Resources Development Institute
MSHA	Mine Safety and Health Administration
NAB	National Alliance of Business
OASAM	Office of the Assistant Secretary for Administration and Management
OIG	Office of the Inspector General
OSHA	Occupational Safety and Health Administration
PRB	Procurement Review Board

# Employment and Training Administration's Noncompetitive Grant Awards of Over \$25,000, Program Years 1990-92

Dollars in thousands			
Recipient	Award for program year		
	1990	1991	1992
<b>Training and technical assistance/Public interest groups</b>			
National Association of Counties	\$ 361	\$ 361	\$ 361
National Governors' Association	322	407	460
U.S. Conference of Mayors	258	258	258
National Conference of Black Mayors	206	206	206
National Conference of State Legislatures	257	257	257
<b>Subtotal</b>	<b>1,404</b>	<b>1,489</b>	<b>1,542</b>
<b>Business/labor partnerships</b>			
National Alliance of Business	5,800	6,100	6,145
Human Resources Development Institute	2,225	2,300	2,300
<b>Subtotal</b>	<b>8,025</b>	<b>8,400</b>	<b>8,445</b>
<b>Community-based partnerships</b>			
National Urban League	515	515	515
WAVE	1,388	1,388	1,388
National Puerto Rican Forum	818	250	350
Opportunities Industrialization Centers of America	1,383	500	1,383
National Council of La Raza	400	400	550
SER-Jobs for Progress, Inc.	927	927	927
<b>National training programs</b>			
PREP, Inc.	670	670	670
Home Builders Institute	540	540	540
National Tooling & Machining Association	1,029	1,029	1,029
<b>Subtotal</b>	<b>7,670</b>	<b>6,219</b>	<b>7,352</b>
<b>Programs for the disabled<sup>a</sup></b>			
Association for Retarded Citizens	1,195	1,195	•
National Association of Rehabilitation Facilities	309	309	•
Epilepsy Foundation	716	716	•
International Association of Machinists	268	343	•
Goodwill Industries of America, Inc.	527	527	•
Mainstream, Inc.	360	360	•
Electronic Industries Foundation	297	297	•
National Federation of the Blind	251	251	•
<b>Subtotal</b>	<b>3,923</b>	<b>3,998</b>	<b>•</b>
<b>Other grants</b>			

(continued)

**Appendix I  
Employment and Training Administration's  
Noncompetitive Grant Awards of Over  
\$25,000, Program Years 1990-92**

Dollars in thousands

Recipient	Award for program year		
	1990	1991	1992
Northwest Policy Institute (U. Wash.)	80	•	•
Southport Institute for Policy Analysis	•	150	•
Manpower Demonstration Research Corporation	250	250	•
Center for Governmental Studies (N. Ill. U.)	•	•	58
Foundation for Advancements in Science & Education (FASE)	•	400	•
American Society for Training & Development	•	•	92
The West Philadelphia Partnership	71	•	•
Public/Private Ventures (P/PV)	•	200	•
Draketail Maritime, Ltd.	•	•	99
Council of Jewish Organizations of Boro Park	•	•	350
Maine Technical College System	•	•	200
Read America	•	•	94
American Association of Community Colleges	•	•	250
Southern Governors' Association	•	•	135
National Council on the Aging	250	•	•
National Youth Employment Coalition	59	•	•
Association of Farmworker Opportunity Programs	220	•	•
MDC, Inc.	125	•	195
Contact Center, Inc.	48	168	48
<b>Subtotal</b>	<b>1,103</b>	<b>1,168</b>	<b>1,521</b>
<b>Program year total</b>	<b>\$22,125</b>	<b>\$21,274</b>	<b>\$18,860</b>
<b>Number of grantees</b>	<b>32</b>	<b>29</b>	<b>26</b>

\*The 1992 grants were awarded competitively. Awards that totaled \$4.2 million were given to the eight existing grantees and one new grantee.

# Office of Assistant Secretary for Administration and Management's Noncompetitive Grant Awards of Over \$25,000, Fiscal Years 1990-92

Dollars in thousands

Recipient	Award for fiscal year		
	1990	1991	1992
Organization for Economic Cooperation	\$ 30	\$ •	\$ •
Temple University	30	•	•
Ohio State University-Poland	87	178	87
Displaced Homemaker Network	500	650	485
Claremont University-Union & Education Study	50	50	•
International Labor Office	150	•	•
Museum Service International-DOL Hall of Fame	57	•	•
Delphi Research-Housing Symposium	•	76	•
Colorado University & Technical Assistance Training Corporation	912	•	•
West Virginia University Research Corporation-Job Network	500	684	•
National Media Outreach Center-Mentor Project	337	•	•
One-to-One Partnership, Inc.	•	50	•
Veterans Production USA, Inc.	150	150	•
International Labor Organization-Research Intern Use	•	93	•
International Labor Office-Information on Drugs	•	85	•
Duquesne University-Polish Worker Project	•	85	•
National Women's Economic Alliance	•	108	57
Operation Able of Greater Boston	•	104	•
Advocates of Policy Evaluation	100	100	•
Cornell University-Worker Surveys in Europe	•	298	•
San Diego Consortium/Private Industry Council	•	40	•
AFL/CIO Building Trades Craft Union Consortium	240	440	140
Upjohn Institute for Employment Research	•	•	77
Vietnam Veterans Leadership Program, Inc.	•	•	100
Economic Foundation, NSZZ Solidarnosc	•	•	202
Ohio State University-Training for Hungary	•	•	123
Houston Drug Free Business Initiative-Drug Study	•	•	431

(continued)

**Appendix II  
Office of Assistant Secretary for  
Administration and Management's  
Noncompetitive Grant Awards of Over  
\$25,000, Fiscal Years 1990-92**

Dollars in thousands

<b>Recipient</b>	<b>Award for fiscal year</b>		
	<b>1990</b>	<b>1991</b>	<b>1992</b>
Economic Development Industry Corporation/Boston-Providence Tools	•	•	162
Free Trade Union Institute	•	•	75
AFL/CIO Economic Innovation International	•	•	122
<b>Fiscal year total</b>	<b>\$3,143</b>	<b>\$3,191</b>	<b>\$2,061</b>
<b>Number of grantees</b>	<b>13</b>	<b>16</b>	<b>12</b>

# Grants to the Same Grantees Over Several Consecutive Years

Dollars in thousands		
Grant type/grantees	1992 amount	Number of years
<b>Partnership programs</b>		
National Alliance of Business	\$ 6,100	25
Human Resources Development Institute	2,300	23
<b>Subtotal</b>	<b>8,400</b>	
<b>Training/technical asst. programs</b>		
National Urban League, Inc.	515	26
SER - Jobs for Progress, Inc.	927	28
WAVE, Inc. (Formerly 7000)	1,388	15
National Council on La Raza	550	15
Home Builders Institute	540	26
PREP, Inc.	670	25
National Tooling & Machining Association	1,029	31
National Puerto Rican Forum	350	16
Opportunities Industrialization Centers of America	1,383	23
<b>Subtotal</b>	<b>7,352</b>	
<b>Training/employment for disabled<sup>a</sup></b>		
Mainstream, Inc.	359	15
Epilepsy Foundation	716	15
National Association of Rehabilitation Facilities	309	15
Goodwill Industries of America, Inc.	488	15
National Federation for the Blind	251	15
Electronic Industries Foundation	297	15
Association for Retarded Citizens	1,195	15
International Association of Machinists	268	15
<b>Subtotal</b>	<b>3,883</b>	
<b>Public interest groups<sup>b</sup></b>		
National Association of Counties	361	20
National Conference of State Legislators	257	20
National Governors' Association	460	20
National Conference of Black Mayors	206	20
U.S. Conference of Mayors	258	20
<b>Subtotal</b>	<b>1,542</b>	
<b>Total</b>	<b>\$21,177</b>	

(Table notes on next page)

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**Appendix III  
Grants to the Same Grantees Over Several  
Consecutive Years**

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<sup>a</sup>Grants were awarded competitively for 1992 for the first time. As a result of the competition, the previously funded organizations received grants of similar amounts, and one new grantee was added.

<sup>b</sup>We used an estimate of about 20 years, since Employment and Training Administration (ETA) officials were unable to determine when in the 1970s the grants began.

# Comments From the Department of Labor

**U.S. Department of Labor**

Office of the Assistant Secretary  
for Administration and Management  
Washington, D.C. 20210



OCT 28 1993

Ms. Linda G. Morra  
Director, Education and Employment Issues  
Human Resources Division  
U. S. General Accounting Office  
Washington, D.C. 20548

Dear Ms. Morra:

This is in reply to your October 15, 1993 letter to the Secretary of Labor requesting comments on the draft GAO report entitled, "Department of Labor: Noncompetitive Discretionary Grants."

The Department generally concurs with the information contained in the report. Specific comments regarding the Older Americans Act, Multi-Year Noncompetitive Awards, and OSHA Grants are provided in the enclosure.

The Department appreciates the opportunity to comment on this draft report.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tom Komarek".

THOMAS C. KOMAREK  
Assistant Secretary for  
Administration and Management

Enclosure

GAO DRAFT REPORT - "Department of Labor: Noncompetitive  
Discretionary Grants"

Department of Labor Comments

Now on p. 1.

Page 1 - Reference to the Older Americans Act

It is recommended that the reference to the Senior Community Service Employment Program (SCSEP) be deleted from the report. The following Congressional reports are cited to support the recommendation.

- A. The Committee Publication No. 102-911 (Select Committee on Aging) dated December 1992 on page 67 states as follows:

"The 1975 amendments included some relatively major changes in the prior law to require that national organizations which had been administering the program receive a "hold harmless" amount, that is, an amount sufficient to maintain a certain level of activities."

- B. Over the years, the Congress has advised the Department to continue the program as currently operated. Most recently, the Senate Appropriations Committee included language in Senate Report 102-397 to accompany H.R. 5677 which addresses national sponsors:

"The Committee believes that the size of grants currently awarded to the smaller national sponsors are not adequate to administer the program. The Committee calls attention to the reauthorization of Title V of the Older Americans Act with respect to administrative costs and parity between the sponsors of the programs and urges the Department to develop and implement a plan to achieve greater parity."

"The Committee has retained the existing bill language percentage distribution of resources between States and national contracts of 22 and 78 percent, respectively."

-2-

"The Committee reaffirms its strong support for this effective program and... It is the intent of the Committee that the current sponsors continue to build upon their past accomplishments."

Both Houses of the Congress have provided similar language on many occasions calling for continuation of the current sponsors.

When new national sponsors are added, the Department does so through competitive procurement procedures.

Pages 2 and 8 - References to Multi-Year Noncompetitive Awards

Over the course of several years, the Employment and Training Administration has funded certain groups of organizations on a noncompetitive basis because of legislative mandate and the uniqueness of the organizations or targeted services they provide and their contribution to the employment and training system. These organizations are national in scope and have the capacity to reach and impact on the local level operating systems in a unique fashion.

The Federal Grant and Cooperative Agreement Act of 1977 encourages competition "... where deemed appropriate..." and ETA is committed to fostering competition to the maximum extent feasible. Although ETA maintains that it is cost efficient and program beneficial to procure certain grant activities utilizing sole source procedures, we have reevaluated all long-term noncompetitive commitments and have, in consort with the Procurement Review Board (PRB), established a more competitive atmosphere for these activities.

Page 7 - Reference to OSHA Grants: Actual data for FY 1990, FY 1991 and FY 1992 follows:

Table 1: Noncompetitive, Discretionary Grants of \$25,000 or More Awarded During 1990 - 1992 (in thousands of dollars)

1990	1991	1992
Number: 3	Number: 3	Number: 3
Amount: \$1,278	Amount: \$1,319	Amount: \$1,443

Now on pp. 2 and 6.

Now on p. 5.

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# Major Contributors to This Report

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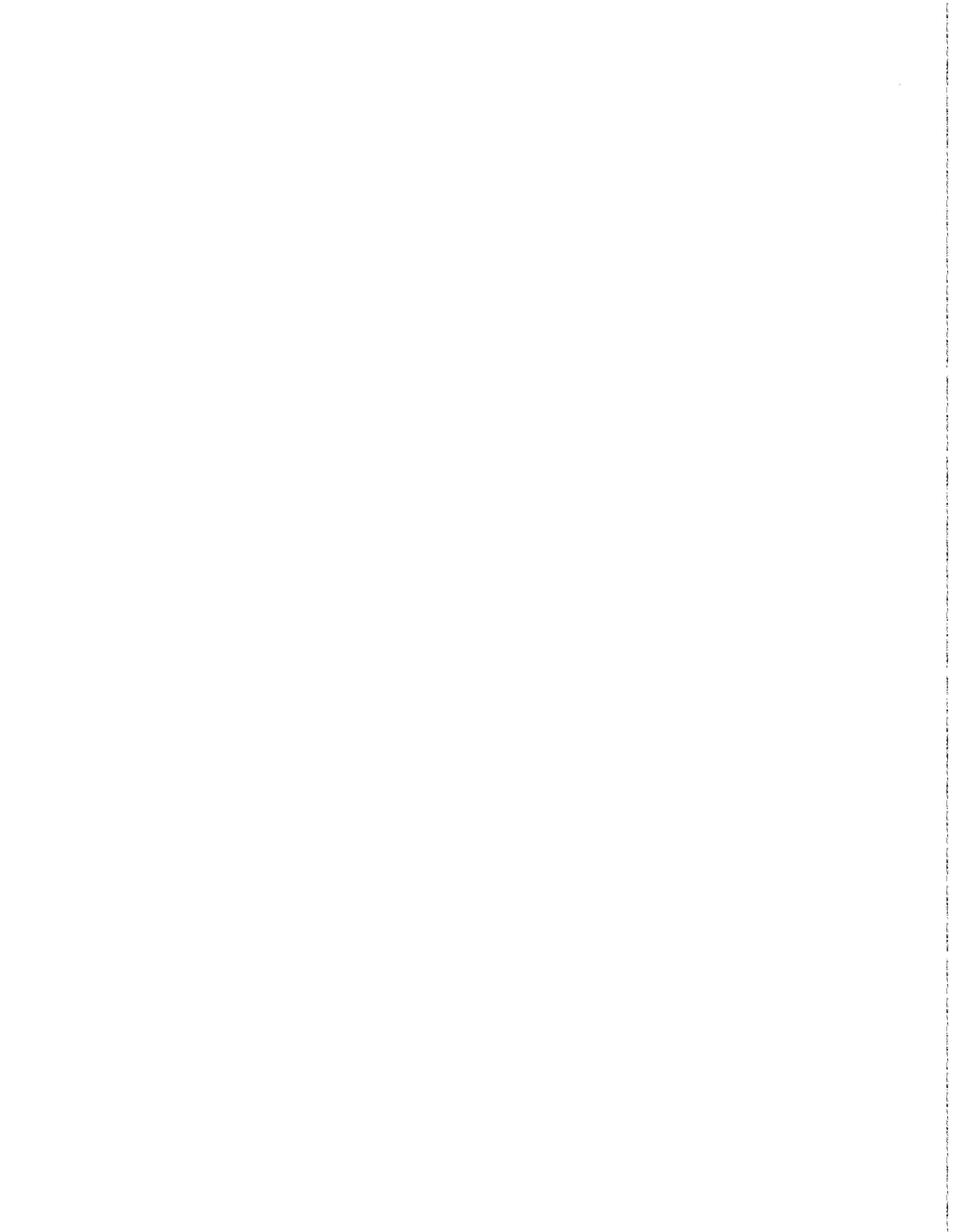
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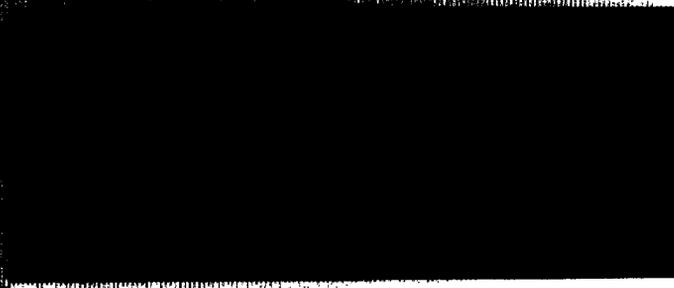
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